



**M O V I N G   T H E**  
**AMERICAN**  
**ECONOMY**

**U.S. Department of Transportation**  
**Office of Public Affairs**  
**Washington, D.C.**  
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***Speech***

**Remarks of**

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**Aviation Education Forum Series**  
**Sponsored by the San Diego County Regional Airport Authority**

**San Diego, California**  
**October 6, 2005**

Good afternoon and thank you for your kind invitation to participate in today's Aviation Education Forum. I am very pleased to be with you today and to represent your fellow Californian, Secretary of Transportation Norm Mineta.

I particularly wanted to be here to congratulate the San Diego community for recognizing so clearly the vital importance of accommodating the demand for air services, both now and in the future. That demand is increasing rapidly. If we don't take bold steps now, we all know what the future will hold for travelers to and from the community: congestion, delay, and frustration. But there are larger and more worrisome consequences of inaction: a dampening of economic activity, a slowing in the rate of economic growth, and ultimately a diminution in the quality of life.

By creating the San Diego County Regional Airport Authority and charging it with the mission to study, plan and implement major improvements in the community's airport infrastructure, California has taken an important step in preparing for the future.

The importance of that decision cannot be overstated. America's communities must prepare for the future. We all know that hard choices are always part of that process. Those choices require engagement, communication, transparency, and, in the end, vision and political courage. San Diego is delivering on each of those requirements.

At the Federal level, Secretary Mineta and the Bush Administration remain focused on providing the tools that will enable communities to address the growing demands being placed upon their transportation networks—air, highway, maritime and rail. From more

effective means of facilitating difficult environmental decisions to tapping into innovative technologies that bring new efficiencies into the process, our role at the Federal level is to provide a toolbox from which local communities can draw.

Thella Bowens, the distinguished President and CEO of the San Diego County Regional Airport Authority, got it exactly right when she said that “[t]he regional decisions we make regarding our airport have significant implications throughout the air transportation network.” That’s why the Federal government’s interest in what you do about airport capacity in San Diego is not academic; what you do will affect the efficiency of the entire national system. It should be no surprise, therefore, that San Diego International Airport is listed in FAA’s Operational Evolution Plan—a 10-year plan aimed at increasing the capacity and efficiency of the National Airspace System. The Plan recognized San Diego’s importance, in other words, to the nation.

But nobody here needs any lecture from me about San Diego’s integral role in America’s transportation infrastructure and economy. It should be no surprise to anyone that San Diego is stepping up to the difficult issues that inevitably arise when change is discussed and competing interests surface.

Let me offer a brief glimpse of our nation’s aviation capacity challenge as we see it from Washington. This year, commercial airlines will carry more passengers than ever before, even more than in the record year of 2000. Cargo operations are also expanding, with U.S. commercial air carrier revenue ton-miles predicted to increase by more than 5 percent in both 2005 and 2006.

We have been working hard to liberalize our air services agreements with trading partners in Asia and have enjoyed some stunning successes in the past couple of years. That means that we and our trading partners are agreeing to get government restrictions out of the way of our respective airlines and to allow them to operate international services pursuant to commercial considerations as opposed to political ones. Whenever we open up markets in that way, competition brings prices down and service quality up, and traffic growth accelerates as a result.

In the last year alone, we have essentially deregulated air services between the U.S. and India, Indonesia and Thailand. We have joined with China in a new agreement that will quintuple the number of flights operating between our two countries. We have similarly liberal agreements with Singapore, Korea, Malaysia, Taiwan, and New Zealand. And there are more.

The result of all this liberalization, predictably enough, is that traffic between Asia and the U.S., particularly our West Coast, has increased dramatically. Individually and in the aggregate, these agreements translate into greater economic opportunities for our nation and for this region.

After the shocks that the industry has suffered over the past few years – 9/11, SARS, the Iraq War, and now hurricanes and a giant spike in the price of fuel – any increase in

demand is obviously welcome news. It is also a bracing reminder, however, that the capacity of our existing system is not limitless, and that we must begin working now to ensure that we can meet the demands of passengers and shippers in the years to come. There is no avoiding it—safe, efficient, secure, and reliable transportation systems are indispensable for continuing economic progress in this country.

Let me talk for a moment about DOT's role in transportation infrastructure planning. DOT recognizes, of course, that transportation hubs all over the country are faced with challenges. While we certainly do not claim to know better than you what is best for your community, we encourage and facilitate open-discussion. To that end, let me highlight some recent developments that I expect will be helpful to San Diego in its ventures through this important journey – both in terms of the *need for capacity* in our infrastructure, and in terms of *access to the infrastructure* that drives our transportation economy.

### **Addressing the Need for New Capacity**

First, we have embarked upon a thorough review of how we fund airport capacity and capital investments in air traffic management. Secondly, we are finding ways to streamline the decision-making process. Secretary Mineta is also dedicated to utilizing new technologies in the management of our Air Traffic Control system, a key component of which is the Next Generation Air Transportation System initiative—a blueprint for the future of the national airspace system that I want to tell you about.

Let me expand a bit on these themes.

### **Innovative Financing**

In anticipation of the next reauthorization of our national aviation programs in 2007, the Federal Aviation Administration last April hosted a two-day conference to solicit the views of industry stakeholders and to articulate the principles that will guide the changes we recommend. As our FAA Administrator, Marion Blakey, said then, the current funding model is broken. Most of the taxes that make up the Trust Fund are linked to ticket prices. With the explosion of regional jet service, the proliferation of low-fare operations, and the collapse of airline pricing power, this linkage has produced an anomalous result—substantially increased traffic is generating less revenue to support the system. Meanwhile, the Aviation Trust Fund continues to spend down, and the FAA continues to face a \$2 billion annual tab just to maintain existing infrastructure. Indeed, the Trust Fund's uncommitted balance now sits at its lowest point since 1997, just at the time when we need additional resources to meet the needs of an industry that's finally growing again.

I can't tell you what the final solution to this funding issue will be, because I don't know. But I can tell you that it will embody several principles. A new funding mechanism must tie the Trust Fund, not to the price of an airline ticket, but instead to the actual cost of providing air traffic services and making capital improvements to airports. And don't kid

yourself—in a tight budget environment, we will not be able to rely on a larger share of money from the *General Fund* to offset the strain on the Trust Fund. As I said, these are difficult, yet critical, issues that need to be addressed – and the sooner the better.

We are supporting innovative projects to allow for—and encourage more—market-based solutions. Currently, all but one of the major air carrier airports in the U.S. is owned and operated by public entities at the State, regional or local level. The exception is Stewart International Airport in New York State, which is the product of an FAA pilot program included in the Federal Aviation Reauthorization Act of 1996. The program permits private companies to own, lease, manage, and develop public airports. Congress established this program to explore alternate means of generating sources of private capital for airport improvement and development. There are still available slots for commercial service airports in this program.

### Streamlining

The challenge is not simply finding sufficient revenues to build and improve transportation infrastructure, we must also begin to streamline the decision-making process.

We received a terrific boost in that regard, directly relevant to San Diego, with the enactment of the Aviation Streamlining Approval Process Act of 2003. It is part of the 2003 FAA reauthorization act, known as Vision 100. That law directs the FAA to undertake an expedited and coordinated environmental review of airport capacity enhancement projects at congested airports in the U.S.

Whether it's a proposed new airport or a major capacity enhancement project at an existing airport, the new process would emphasize concurrent reviews, analyses, permitting, approvals, etc., as well as setting specified deadlines in cooperation with involved agencies and the airport sponsor.

While the legislation is very specific as to the duties and responsibilities of the Secretary of Transportation and the FAA, it also directs other Federal environmental resource agencies that have a role in the process to give the project their highest possible priority and to conduct their activities expeditiously. The legislation encourages a greater level of engagement by non-sponsor agencies, and requires that they subject themselves to a specific dispute resolution process if they fail to act in a timely manner. That dispute resolution process will be geared to early resolution of issues between agencies and will thus help to avoid drawn out and unnecessary delays.

Let me offer some examples of how it works. One was a major runway extension project in Philadelphia. Preparation of an Environmental Impact Statement for the extension utilized a coordinated environmental review process, just as the Act contemplates. It included concurrent reviews, coordination, and approvals by Federal and State environmental resource agencies and was a great success. An Interagency Streamlining agreement was mutually developed and signed by 18 Federal and State agencies --

involving three states. The EIS was completed a month ahead of schedule and under budget.

The EIS for the Chicago-O'Hare Modernization Program is another example of a well-coordinated environmental process between Federal and State agencies. Very early in the process, the FAA committed itself to undertaking an active role with Federal, State, and local resource agencies. Included in its environmental coordination process were 16 Federal, State, regional, and local government organizations. All of the involved agencies ended up accepting the FAA's EIS "Purpose and Need" statement, the range of alternatives to be evaluated, identification of a Preferred Alternative, and required mitigation of environmental impacts.

The FAA contacted agencies early and spent considerable resources in maintaining close contact and open dialogue throughout the EIS process. Several agencies entered into an interagency coordination agreement with the FAA to formalize the cooperative working relationships. Extensive coordination with the various agencies resulted in FAA receiving a substantial amount of information and perspective on the proposed O'Hare development from the viewpoint of the other agencies. This enhanced FAA's ability to produce analysis and data that more directly addressed the various agencies' needs, avoided or minimized disagreements, and provided coordination and decisions in a more timely fashion.

These are tools, of course, that will be available to San Diego in its own quest for expanded aviation capacity.

So we're working to ensure the availability of Federal funding, and we're streamlining the decision-making process.

#### Use of Technology in Air Transportation System Management

A third major component of our response to the capacity crunch is more effective management of our complex air transportation. Secretary Mineta's *Next Generation Air Transportation System* initiative is the centerpiece of this effort. We are now focusing tremendous energy on the creation of a national airspace system that can accommodate the tripling of traffic over the next 20 years.

This is no mere study. Instead, it is a major, interagency program that will drive a system-wide transformation of the way we handle air traffic and utilize airport infrastructure. With the help of stakeholders like you, we will have a system that integrates airport security screening with other processes such as check-in, customs, and immigration – and it begins before the passenger even gets to the airport. It is a very big deal, and it will undoubtedly inform the changes that take place here in San Diego.

## **Addressing the Need for Access**

Now, a big part of what's special about this planning process is that it will address regional transit and case studies in interconnectivity. Before I finish today, therefore, I'd like to speak briefly about some relevant federal-level initiatives.

Perhaps one of the best pieces of news in this regard is that Congress finally passed, and President Bush signed on August 10, a multi-year surface transportation reauthorization bill – the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (or SAFETEA-LU). SAFETEA-LU calls for surface transportation planning to “promote consistency between transportation improvements and State and local planned growth and economic development patterns.” Among other things, Congress was talking about the links between airports and our road and transit systems.

### Federal Highway Administration—Access Roads

The bill increased the funding available for the National Highway System and Connectors. Projects to build access roads, connecting the flow of traffic to and from airports, are eligible for these funds. Overall Federal funding for the State of California under SAFETEA-LU increased by 34.3 percent, reaching a total of \$3.4 billion per year for five years.

### Federal Transit Administration—Transit Access

The Federal Transit Administration's “New Starts” program was also reauthorized under SAFETEA-LU and of course accommodates plans for transit access to airports.

Examples of projects funded under the New Starts program include:

- The Massachusetts Bay Transportation Authority's recently completed bus rapid transit system that connects the downtown financial district with the seaport and Logan International Airport. Service to the airport began this past June, and operates every 15 minutes.
- In June of 2003, the BART Extension to San Francisco International Airport opened for service. The project includes 7.5 miles of heavy rail system and four new BART stations.
- Portland, Oregon, opened a 5.5-mile extension of its transit system in September 2001, including four new stations from Gateway Transit Center downtown to the main passenger terminal of Portland International Airport.

### Delegation of Environmental Decision-Making

SAFETEA-LU also spoke again to the efficiency of the decision-making process, as did Vision-100.

A new pilot project under SAFETEA-LU allows designated states, one of which is California, to completely assume USDOT responsibilities under NEPA, including environmental review, consultation, or other action required under any Federal environmental law pertaining to the review or approval of a specific project. That, of course, represents a tremendous vote of confidence in California's effectiveness in managing environmental issues responsibly, and is a tribute to the effectiveness of the State's Congressional representation.

## **Conclusion**

I want you to know that you have the support of Secretary Mineta and his entire team as you make the tough decisions necessary to meet the region's need for expanded air transportation capacity.

I congratulate you for taking this initiative seriously enough to begin the debate early and for involving all levels of interested stakeholders.

Thank you again for this opportunity to participate in today's forum, and to share these thoughts with you.

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